

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

RECEIVED

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Docket No. R97-1

Postal Rate And Fee Changes, 1997

**SECOND SET OF INTERROGATORIES OF  
ALLIANCE OF NONPROFIT MAILERS  
TO USPS WITNESS MICHAEL R. MCGRANE  
(ANM/USPS-ST44-9 -11)  
November 14, 1997**

Pursuant to Rules 25 and 26 of the Rules of Practice and Procedure and Order 1200, the Alliance of Nonprofit Mailers hereby submits the following interrogatories and requests for production.

ANM/USPS-ST44-9.

Please refer to your response to VP-CW/USPS-ST44-2, where you discuss your views on the theory underlying the use of IOCS tallies to study the effects of weight, and class and subclass, on mail processing costs. Please either confirm your agreement with each of the following statements or, if you do not confirm, fully explain your reason(s) for disagreeing:

- a. In order to use IOCS tallies to relate the incremental weight (or indeed class, subclass, and shape) of mail to the cost of clerk and mailhandler time spent processing mail, two principles must hold:
  - (1) The sample must reflect the universe, meaning that the random instants in time when the tallies are taken must be representative of all instants of clerk and mailhandler mail processing time.
  - (2) The cost of clerk and mailhandler mail processing time must be directly proportional to the time clerks and mailhandlers spend processing mail.

- b. The IOCS sampling frame is stratified on the basis of CAG.
- c. Parts a. And b. together imply that, within a CAG, if ten percent of the tallies are for Standard A Nonprofit rate mail of a particular shape and weight, then ten percent of all mail processing time is spent on mail of that shape and weight, and therefore ten percent of clerk and mailhandler mail processing costs is due to (“caused by”) Standard A Nonprofit rate mail of that shape and weight.

ANM/USPS-ST44-10.

In the current case, does the Postal Service’s cost distribution methodology, as refined in the distribution keys used by witness Degan to develop Base Year 1996 volume variable costs by class and subclass, embody the principles discussed in VP-CW/USPS-ST44-23? Please discuss why they do or do not, explaining fully each step in you reasoning in plain English.

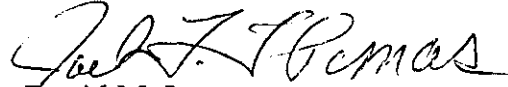
ANM/USPS-ST44-11.

Please refer to your response to VP-CW/USPS-ST44-4, part a., and to the table labeled “Attachment 1” that accompanied it.

- a. Do the numbers in the table consist of counts of all IOCS direct mail processing tallies summed across MODS 1&2 offices, BMCs, and other non-MODS mail processing offices? If so, please provide three similar tables disaggregating the tally counts into each of these categories. If not, please explain.
- b. Do the numbers in the table include tallies from mixed “identified containers”? If so, were said tallies disaggregated into their component items and loose shapes and included in the piece and item rows? Please explain fully.

- c. Do the numbers in the table include tallies from counted mixed items? If so, were said tallies counted in the items rows or in the piece rows? Please explain fully

Respectfully submitted,



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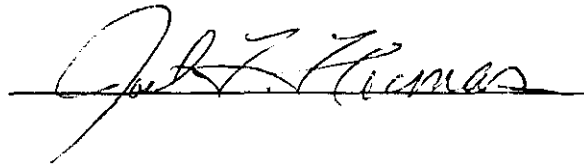
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*Counsel for Alliance of Nonprofit Mailers*

November 14, 1997

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



November 14, 1997